

MAR 25 1959

Probe Told Of Dispute On Laos Aid

CPYRGHT

Associated Press

A management consultant told House investigators yesterday that U. S. foreign aid officials ignored repeated complaints of deficiencies in administration of the aid program in Laos.

Harry E. Howell, president of a Washington management firm, testified that after a year of adverse reports to Washington, his contract as management adviser to the Laotian Government was canceled at the behest of the U.S. aid mission in Laos.

Howell testified after an auditor of the International Cooperation Administration told investigators his own recommendations for cancelling the contract of an American firm at Laos were overridden and his position misrepresented to Washington.

Edward J. Burns said that notwithstanding his adverse recommendations, Russell Lord, public works chief for the U.S. mission in Laos, cabled Washington for renewal of the contract.

"It (the cable) was sent out as cleared by me, although I did not clear it," Burns testified.

The contract was approved three days later, but subsequently was canceled.

Rep. Porter Hardy (D-Va.), chairman of a Government operations investigating subcommittee, termed the clearance a forgery and advised ICA officials not to retaliate against Burns.

Hardy said the Howell firm had been blacklisted by ICA for its efforts to clean up the Laotian program.

Under Secretary of State C. Douglas Dillon told the House Foreign Affairs Committee that, largely as a result of improvements from foreign aid, the government of Laos had been changed, Communist influence diminished, and the currency stabilized.

In Bangkok, meanwhile, an American businessman denied testimony in Washington that he gave gifts to Edward T. McNamara of Tampa, Fla., a former U.S. aid official in Laos.

"He (McNamara) bought shares from me, anybody can do that. But it certainly was not a gift from me. I got paid," said Willis H. Bird of the Universal Construction

Co., which built roads for the Laos Government.

His partner, Gerald A. Peabody, also named in testimony Monday as having lent money to McNamara without repayment, was not available for comment.

McNamara, a former ICA officer in Laos, told the House Government Operations Subcommittee he received gifts, tickets, shares and cash from Universal.

FOIAb3b